

CIA/RR 61-54

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Copy No. 28
20 October 1961

CURRENT SUPPORT BRIEF

DEVELOPMENT OF IRON AND STEEL PRODUCTION IN MONGOLIA

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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DEVELOPMENT OF IRON AND STEEL PRODUCTION IN MONGOLIA

In keeping with Communist doctrine calling for priority development of heavy industry, Mongolia has announced that an iron and steel plant, capable of producing 300,000 tons of crude steel annually, is to be constructed during the country's Third Five Year Plan (1961-65). 1/ The site selected for the plant is at Darkhan (49°30'N-105°55'E.) which is located in the high plateau region in the north, approximately 115 miles NNW of the capital city of Ulan Bator and 70 miles south of the Siberian border. Construction of the plant and development of its raw material base will require extensive assistance in engineering and equipment from other Bloc countries, most of which is scheduled to be supplied by the USSR and Communist China in accordance with agreements signed during 1960-61. 2/ The mill is part of a comprehensive plan to develop Darkhan into a new industrial center.

Mongolia historically has had a small number of primitive furnaces for the production of high cost, poor quality native iron for use in local blacksmith shops. However, the country's limited requirements for finished steel products have been supplied by the USSR since before World War II and in recent years have ranged between 9,000 and 15,000 tons annually. With a projected population of only 1 million people by 1965, construction of the planned mill, if successfully carried out, would result in an annual per capita output of 300 kg of crude steel. This is roughly equal to the per capita production scheduled for Japan in that year, and should be more than sufficient to satisfy the increased domestic requirements for uncomplicated steel products in the MPR's drive for limited industrialization. Should lags develop in the industrialization program, steel could be shipped northward for utilization in eastern Siberia.

Due to lack of past geological surveys, little detailed information is available concerning Mongolia's iron and steel raw material base. Under the guidance of Soviet geologists, however, a thorough survey of the Darkhan area was begun during 1958. 3/ Preliminary data indicate the existence of substantial quantities of coal and iron ore in the Orhon river valley, approximately 30 miles west of Darkhan. Although the reserves and quality are unknown, some of the coal presumably is of coking quality and earlier information indicates that the iron ore is magnetite, found in surface and near surface layers which would allow relatively inexpensive open-pit mining methods. 4/ A railroad is scheduled for construction from the resource area to Darkhan. Manganese, reportedly of good quality, has been discovered in an area approximately 140 miles southeast of Darkhan which would allow its transport by existing road and rail facilities via Ulan Bator to the plant site. In addition, according to information received in 1960, Mongolia claims that the steel alloying materials, chromite, nickel, cobalt and tungsten are available in the northern part of the country. Small amounts of tungsten have been mined for many years at Choi Balsan (48°04'N-114°30'E.), and a new tungsten mine began operation, probably at Arkhust (approx, 47°40'N-107°50'E), during the first half of 1961. 5/

Mongolia probably has sufficient raw materials to meet the relatively modest requirements of the scheduled plant. If the necessary Bloc assistance is forthcoming over the next few years it is possible that by the mid-1960's Mongolia will have a fledgling iron and steel industry -- one of the status symbols among underdeveloped countries.

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Analyst:

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Sources:

1. [REDACTED]
2. CIA, FDD Sum. no. 3188, 2 Oct 61, p. 21-25, OUO
3. [REDACTED]
4. CIA NIS 40, Section 63, p. 63-4, C
5. Hsinhua News Agency, Daily Bulletin no. 1264, 29 June 61, p. 17, U

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